

18 APR 1968

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Soc. 4.01.1 Time-Life Inc.
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Time Inc. Abandons Plans to Purchase The Newark News

By PETER MILLONES

Time Inc., which announced plans two months ago to acquire its first newspaper, The Newark Evening News, said yesterday that it had abandoned the attempt because it was "unable to conclude a final purchasing agreement."

The announcement by James A. Linen, president of Time Inc., and a similar statement by Richard B. Scudder and Edward W. Scudder Jr., president and publisher, respectively, of The News, did not give any explanation for the failure to reach agreement.

They and other top officials also declined to discuss the purchase talks, which some Time officials and persons in publishing circles had seen as the opening move by Time Inc. to acquire a group of newspapers or start new papers.

While no statement was made by Time Inc. on the subject, some top Time officials said that the company was still very much interested in the newspaper field and had

several specific papers in mind, which they declined to identify.

The cause of the talks' failure, according to a source close to the negotiations, was simply the purchase price. The source said that it was an unexciting failure in business negotiations that led to the announcements yesterday, not any problem with the Internal Revenue Service or the Justice Department, which had been studying the proposed acquisition.

A Planned Subsidiary

In the original announcement, Mr. Linen had said that all assets of The News, New Jersey's biggest daily, would be acquired in exchange for 325,000 shares of Time Inc. common stock. The News was to become a wholly owned subsidiary of Time Inc., the 46-year-old magazine and book publishing company.

The Scudder family was to continue its association with The News and become a substantial stockholders in Time Inc., which has about 7.1 million shares of common stock outstanding. At the time, the deal was said to involve more than \$34-million.

That figure was based on the closing price of 89 3/4 a share for the Time Inc. common stock traded on the New York Stock Exchange Feb. 14. It also included a \$5-million mortgage that Time Inc. was to assume for a year-old \$12-million addition to The News's printing plant in Newark.

The closing price of Time Inc. stock was 100 3/4 on Thursday. (The exchanges were closed yesterday). An adjustment in the number of shares to be exchanged was expected with the final agreement.

I.R.S. Ruling Needed

The parties had said that any final agreement was subject to a ruling by the Internal Revenue Service that the transaction would be tax free, since no cash payment was involved. One source said that he knew of no obstacle posed by the I.R.S. and that if there had been one, he assumed both parties would have quickly placed the blame there in their announcements.

The Justice Department was asked to investigate the proposed merger by Representative Emanuel Celler, Brooklyn Democrat, who said it represented "another step in the continuing concentration of power in mass communications."

The Justice Department acknowledged Mr. Celler's request

about the proposed acquisition. Time Inc. publishes Time, Life, Fortune, Sports Illustrated and Time-Life Books as part of a \$500-million-a-year communications business.

The News has a circulation of about 280,000 on weekdays and 423,000 on Sunday.

Employees at The News were the first to receive public notification of the dissolution of the plans. A brief announcement was placed on a bulletin board in the paper's third-floor newsroom that was signed by Richard B. Scudder, the publisher. It said:

"Edward Scudder, News president, and I, and Jim Linen, president of Time, have decided to terminate our discussions about the acquisition of The News by Time because we have been unable to conclude the final purchase agreement."

Hours later, Mr. Linen made virtually the same public announcement and added a sentence for the Time staff: "We are disappointed that we are unable to carry this venture through to a conclusion."